RATING REPORT

The United Insurance Company of Pakistan Limited

REPORT DATE:
August 5, 2024

RATING ANALYSTS:

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RATING DETAILS		
	Latest Rating	**Previous Rating**
Rating Category	**Long-term**	**Long-term**
IFS	AA+ (IFS)	AA+ (IFS)
Rating Date	*Aug. 5, 24*	*July 27, 23*
Rating Outlook/ Rating Watch	Stable	Stable
Rating Action	Reaffirmed	Reaffirmed

COMPANY INFORMATION	
Incorporated in 1959	**External Auditors:** M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants.
Public Limited Company	**Chairman:** Muhammad Ashraf Khan **Chief Executive Officer:** Mr. Muhammad Akram Shahid
Key Shareholder(s):	
United Track System (Pvt.) Limited – 29.1%	
United Software and Technologies International (Pvt.) Limited 26.21%	
Tawasul Healthcare TPA (Pvt.) Limited-16.90%	
Tawasul Risk Management Services (Pvt.) Limited – 8.7%	
Muhammad Akram Shahid – 5.5%	

APPLICABLE METHODOLOGY(IES)

VIS Entity Rating Criteria: General Insurance
https://docs.vis.com.pk/docs/GeneralInsurance-2023.pdf

Rating Scale & Definitions:
https://docs.vis.com.pk/docs/VISRatingScales.pdf

The United Insurance Company of Pakistan Limited

OVERVIEW OF THE INSTITUTION

UICPL was founded in 1959 and got nationalized in 70s. UICPL operates though more than 150 branches all over the Pakistan. It is involved in General businesses including Group Health Insurance, Travel Insurance (Health), Travel Bonds & Guarantees, Livestock and Crop Insurance.

Profile of Chairman

Mr. Muhammad Ashraf Khan is the Chairman of the Company. He has Extensive Pakistan and International experience at senior positions with comprehensive skills in strategic planning, implementation and to act as prudent and diligent business person in conducting the affairs of the financial and non-financial organizations.

Profile of CEO

Mr. Muhammad Akram Shahid assumed the role of CEO in April 2021. He has extensive experience in the insurance industry. He is a Law graduated from S.M. Law College and certified Director from Pakistan Institute of Corporate Governance (PICG).

RATING RATIONALE

The rating assigned to The United Insurance Company of Pakistan Limited (UICPL or 'the Company') takes into account the sound business profile of the United International Group with business interests in insurance, information technology, dairy, and vehicle tracking. UICPL being the group's flagship company is a major player among the leading general insurers and has a well-established and growing takaful segment of the business.

Rating derives comfort from growth in Gross written premium (GWP) during the review period despite stressed global and domestic economic environment prevalent. The business risk profile of insurance industry has improved slightly owing to slight recovery of the domestic economic activity with recent reduction in interest rate, rupee stabilization and lower inflation rate however, it is still high due to rate hardening by policyholders and impact of ongoing conflicts between Russia & Ukraine and Israel & Palestine. Going forward, the management projects that the Company would be able to close CY24 with an organic growth of 20% in topline; the cumulative GWP is estimated at Rs. 12.0b.

The rating incorporates higher loss ratio recorded on gross basis than the peer median aligned with higher incidence of claims pertaining to motor and crop segment but with increase in reinsurance ceded, the net loss ratio remained low than the peer mean and median. Additionally, expense ratio improved slightly in line with rationalization of management expenses and increase in operating scale. Subsequently, combined ratio remained unchanged indicating profitable underwriting operations.

The rating further incorporates reinsurance arrangements largely with counterparties having sound credit risk profiles with appropriate risk retention on net account to maintain risk appetite of the Company. Moreover, the liquidity profile remained sound as exhibited by liquid assets maintained in relation to net technical reserves. In addition, the investment portfolio continues to support the bottom line; the credit and market risks originating from the same are also manageable.

To avoid risk accumulation, management is focusing on operating leverage and more efficient claims settlement process to align with best market practices. Going forward, the rating depends upon effective management of financial risk profile amid challenging business environment. The management is also focusing on digitalization as digital technology will enable the Company to improve customer experience, streamline processes, and increase the availability of online insurance products and services

Insurance Sector Update

Global Perspective

The current macroeconomic environment is characterized by persistently high inflation rates in several jurisdictions, tighter monetary policy and increased interest rates across many regions. This led to increase in insurable value of assets and services providing growth space even in subdued economic outlook. Financial market sentiment remains fragile, with high degree of volatility and uncertainty. Despite building macroeconomic challenges, the insurance industry continued to grow both globally and in Pakistan. In 2022, the global insurance sector experienced significant growth. The total insurance premium income reached nearly EUR 5.6 trillion. The growth rate was around 4.9%, set against a backdrop of a global inflation rate of 8.6%. The three main segments of the industry; life insurance, property and casualty (P&C), and health insurance; showed varied growth patterns. P&C insurance experienced robust growth of 8.7%, health insurance grew by 4.9%, while life insurance saw more modest growth at 2.4%. In addition, claims increased as high inflation increased the cost of repairing buildings, motor vehicles and other fixed assets that are usually covered by insurance. This led to continued rise in premium rates to cover the expenses. However, elevated interest rates augmented the investment income for insurers across the globe.

Local Perspective

Pakistan suffered from political and economic turmoil during the outgoing year; the same is characterized by persistently high inflation, import restrictions, hike in interest rates and exchange rates. Moreover despite the unfavorable circumstances, gross written premiums for insurance industry (life and non-life) were recorded higher largely due to inflationary impact on valuations of insurable assets and services, at Rs. 480.2b (9MCY22: Rs. 367.1b) with substantial growth witnessed in conventional & takaful and non-life segments; the same grew by 24% and 46% respectively. Owing to a few major claims pertaining to power plants and a textile company as opposed to sizable claims incurred in the SPLY, the net claim ratio of industry improved slightly to 56.8% (9MCY22: 59.3%). The sector reaped benefits of an increase in the interest rate that led to augmentation of income derived from investments to Rs. 20.7b (9MCY22: Rs. 8.1b). However, with a projected decline in interest rate a shift towards 12-month PIBs and floating-rate medium tenor securities will become essential to add support to the bottom line. Lastly, insurance sector continued its profitability in the ongoing year with profits reported at Rs. 20.4b (9MCY22: Rs. 7.4b). Going forward, due to the prevailing slowdown in economic activity and stressed macro financial conditions, the growth trajectory in non-life premiums is expected to be uncertain while the growth in the life sector will continue to largely depend on traction in the health insurance programs. Moreover, the SECP has issued instructions of phase wise implementation of IFRS 17. The implementation is expected to translate in sizable provisioning burden for the industry; however, the actual impact of the same on industry capitalization is yet to be ascertained. No final timeline for the same is announced yet. On the other hand, with implementation of pricing tools as per international standards, profitability and business of local reinsurer will flourish.

Future Outlook

As per estimated forecasts, the global insurance market grew by 10% from 2021 to 2022, reaching almost six trillion U.S. dollars. Following this, it is predicted that the industry will grow at a compound rate of around nine percent per year, reaching almost USD 8.4T U.S. in 2026. However, the global insurance industry is navigating through a landscape marked by several challenges and opportunities. Insurers are increasingly integrating advanced technologies to streamline processes, improve the risk assessment and enhance customer experience. Moreover, with an increase in the frequency and severity of natural disasters a need is arising for the insurance companies to revise their existing risk models and innovate in terms of their risk coverages. Moreover, digital transformation has led to susceptibility to cyber-attacks and a demand for cyber-insurance products is evident; the same is yet to be crafted by insurers without exposing themselves to excessive liabilities. Economic uncertainties, including fluctuations in financial markets and geopolitical tensions, can impact investment returns for insurers and alter consumer spending patterns. Going forward, a decline in policy rate is expected therefore an incorporation of fixed income and medium-term debt instruments in the investment portfolio will be essential to generate favorable investment incomes. Lastly, in order to thrive in this sector as a local insurer, it is imperative that the companies launch micro insurance products; the same will cater to the needs of low-income households of Pakistan that are in abundance. Furthermore, companies need to educate and boost awareness regarding the benefits of insurance to address the insurance penetration issues prevalent in the country; the same will translate to a growth in the business going forward.

Business Strategy

The Company is operating through a widespread national network of 147 branches with branch network largely concentrated in Punjab. UICPL offers insurance coverages for fire and allied perils, marine cargo, marine hull, motor theft and damage, crop and miscellaneous risks including loss of cash in safe and cash in transit, engineering losses, health, workmen's compensation, aviation, livestock and natural calamities. The business mix of the Company depicted slight changes during the outgoing year with miscellaneous segment being the largest contributor followed by crop segment. The contribution of crop segment increased during the outgoing year on account of major initiatives taken by State Bank of Pakistan (SBP) in collaboration with Federal and Provincial Governments. Miscellaneous segment entails accidental coverage, cash in transit insurance and workmen's compensation. The Gross written premium (GWP) increased sizably by almost 22.7% to Rs. 7.9b (CY22: Rs. 6.4b) during the outgoing year and was largely driven by miscellaneous sub-segments such as health, bond, livestock and crop which carries a higher risk

However, GWP remained almost unchanged during the ongoing year as compared to SPLY; the same was recorded at Rs. 1.6b (1QCY23: Rs. 1.6b). Miscellaneous segment remained the largest contributor with bond and guarantee business remaining the dominant sub-segments. Moreover, with slight revision of motor pricing rates to compete better in the market and reduction in the interest rate that will promote the car leasing business, contribution of motor segment rose as opposed to SPLY. A slight increase in the marine segment was also noted during the ongoing year, attributable to improvement of exports by the country. Going forward, the management projects that the Company would be able to close CY24 with an organic growth of 20% in topline; the cumulative GWP is estimated at Rs. 12.0b. Growth in the Company's existing business is expected to emanate from miscellaneous, fire and health takaful meanwhile motor and marine segments are expected to remain steady during the ongoing year. The snapshot of business mix is presented in the table below:

BUSINESS MIX	CY21	CY22	CY23	1QCY24	1QCY23
Fire	17.9%	17.5%	15.4%	15.8%	19.2%
Marine	6.0%	6.0%	6.4%	9.6%	5.4%
Motor	14.0%	14.1%	13.1%	21.2%	14.9%
Crop	14.7%	15.1%	17.3%	8.5%	26.9%
Misc	47.4%	47.3%	47.7%	44.9%	33.7%
Total	5,196.5	6,436.7	7,895.1	1,619.5	1,607.5

Overall cession ratio increased during the outgoing year; the same results from growth in reinsurance ceded to reinsurers to Rs. 4.2b (CY22: Rs. 3.0b) wherein substantial growth was recorded in the crop segment. As per management, the increase is attributable to special treaty arrangements by the Company and an increase in the facultative business conducted during the outgoing year. Going forward, UICPL plans to expand and diversify its operations with introduction of life insurance during the ongoing year. According to the management, the Company obtained the license to operate in the life insurance segment in CY22 and is expected to initiate operations towards the end-CY24 or 1QCY25. The impact of new products launched under this segment will fully materialize by end-CY24. Moreover, as the insurance market grows increasingly competitive, the Company is intensifying its efforts to sustain profitability with implementation of modern strategies and cutting-edge underwriting criteria to capture a greater market share. The management is also focusing on digitalization as digital technology will enable the Company to improve customer experience, streamline processes, and increase the availability of online insurance products and services. Lastly, cession ratio depicted a declining trend during the review period on account of growth in the operations. The cession ratio in all segments is presented below:

CESSION RATIO	CY21	CY22	CY23	1QCY24	1QCY23
Fire	47.6%	36.8%	46.9%	49.3%	38.5%
Marine	46.6%	34.9%	46.1%	45.7%	45.2%
Motor	45.7%	48.6%	52.1%	45.2%	37.4%
Crop	31.4%	45.8%	73.3%	90.8%	20.3%
Misc	60.7%	50.8%	49.9%	36.4%	83.1%
Total	51.1%	46.3%	53.6%	45.8%	48.8%

On the Window Takaful Operations (WTO) front, the gross contribution remained range bound at Rs. 2.1b (CY22: Rs. 2.1b) whereas net contribution rose to Rs. 1.3b (CY22: Rs. 963.4m) during CY23. Miscellaneous and motor segments remained the dominant segments during outgoing year. The participants incurred a surplus of Rs. 212.1m during CY23 in comparison to Rs. 162.2m during CY23 booked in preceding year. The increase in the surplus can be attributed to the growth in profitable contracts in health coverage provided in miscellaneous segment. Moreover, the WTO have been profitable for the past couple of years; the management expects to maintain growth momentum while expanding the scale of Takaful operations.

Claims Experiences

The claims performance depicted improvement on gross basis during the outgoing year as an outcome of improvement in the premium earned pertaining to miscellaneous segment coupled with rationalization of gross claims expense. The premium earned improved on account of special treaty arrangements with various companies. On the other hand, net claims ratio depicted weakening on a timeline in line with higher incidence of loss events in all segments barring marine segment and miscellaneous segment. Moreover, a sharp increase was witnessed in the loss ratio for crop segment owing to higher loss events recorded due to destruction caused by floods in Punjab and Sindh coupled with higher incidence of claims settled with Agriculture Department-Punjab during the outgoing year. To lower the risk associated with higher claims, cession is also increased simultaneously. The uptick in motor claims was an outcome of increase in value of individual motor claims owing to car spare parts and accessories becoming expensive in lieu of inflation. Further, the increase in the fire segment loss ratios was on account of two claim claims paid (pertaining to a bank and packaging company) during CY23.

Nevertheless, UICPL's management plans to keep the net claim ratio at around 27% for CY24. Going forward, the effective management of loss ratios will remain important from ratings perspective. The segment-wise net claims ratios are presented in the table as follows:

NET CLAIMS RATIO	CY21	CY22	CY23	1QCY24	1QCY23
Fire	19.7%	25.7%	33.2%	30.7%	22.4%
Marine	6.7%	14.1%	12.9%	10.3%	12.6%
Motor	29.3%	14.3%	20.2%	7.6%	18.5%
Crop	15.0%	17.4%	78.6%	50.1%	18.1%
Misc	20.1%	27.2%	20.1%	24.3%	25.1%
Total	19.6%	22.4%	26.7%	23.4%	21.4%

Underwriting Performance

UICPL's underwriting performance exhibited a mixed trend; the same remained range bound at Rs. 1.1b (CY22: Rs. 1.1b) during the ongoing year but it improved to Rs. 445.5m (1QCY23: Rs. 373.6m) by end-1QCY24 with major revenues stemming from miscellaneous segment. Despite improvement in the net insurance premium to Rs. 3.6b CY22: Rs. 3.4b; CY21: Rs. 2.7b) during the outgoing year, a substantial increase in net insurance claims in line with lower reinsurance revenue, increase in cession and higher management expenses resulted in almost unchanged underwriting profits. On the other hand, net commission expense was recorded lower at Rs. 177.2m (CY22: Rs. 260.1m) due to increase in commission on facultative reinsurance ceded. Moreover, the increase manifested in underwriting profits during the ongoing year stems primarily from rationalization of management expenses

Additionally, a reduction in underwriting expense ratio on a timeline to 35.0% (CY23: 43.7%; CY22: 45.5%) by end-1QCY24, despite of growth in scale of operations and increase in average ticket size of policies written, results from an increase in the net premium revenue. Resultantly, with increase in claims ratio, combined ratio rose on a timeline to 70.4% (CY22: 67.8%; CY21: 64.5%) at end-CY23 on account of improvement underwriting expense ratio; the same exhibits that the company reported profit from its insurance operations. Net operating ratio has slightly increased to 64.2% (CY22: 63.2%; CY21: 61.6%) in CY23 despite growth in net premium and higher investment income in line with higher combined ratio stemming from increased incidence of claims.

UNDERWRITING PROFITS	CY21	CY22	CY23	1QCY24
Fire	59.1	181.9	56.6	40.7
Marine	70.5	110.5	93.3	31.9
Motor	100.4	223.2	200.0	87.6
Crop	213.7	304.9	18.3	14.0
Misc	523.7	267.0	707.0	271.4
Total	967.5	1,087.6	1,075.2	445.5

Investment Mix

Investment income exhibited a mixed trend during the rating review period; the same was recorded higher during the outgoing year despite a dip in the investment portfolio to Rs. 1.4b (CY22: Rs. 1.8b; CY21: Rs. 1.0b) well aligned with benchmark rates being at the high end of the spectrum but however, it dipped slightly during the ongoing year. The investment portfolio constitutes of equity securities, 5-10yr Pakistan Investment Bonds (PIBs) and term deposits maturing within a year. Major chunk of the investment portfolio constitutes of fixed rate PIBs amounting to Rs. 1.1b (CY23: Rs. 1.1b; CY22: Rs. 1.2b) at end-1QCY24 which the Company plans on holding till maturity.

In accordance with the Insurance Ordinance, UICPL is required to maintain a statutory reserve, therefore PIBs amounting to Rs. 918.6m (CY23: Rs. 469.7m) are placed as statutory deposit with SBP. Given the entire PIB portfolio is placed under HTM on amortized cost the same is not susceptible to mark-to-market losses arising due to interest rate fluctuations. Moreover, credit risk emanating from the investment portfolio is also considered manageable given 78% (CY23: 78%; CY22: 67%) of the total portfolio constituted of government securities at end-1QCY24 coupled with sound financial profile and credit ratings of the counterparties.

Moreover, other than PIBs, the investment portfolio consists of term deposits maturing within a year amounting to Rs. 283.4m (CY23: Rs. 268.8m; CY22: Rs. 577.7m). The rate of return on term deposit issued by various banks ranges from 4.0% to 16.0% per annum (CY23: 4.0% to 16.0% per annum); these term deposits have maturity dates falling between May 15, 2024 to March 07, 2025. Decrease of TDR's is due to conversion of term deposits into security deposits as per requirements of business arrangement with one of the bank. However, to overcome this deficiency, new investment will be added by end-CY24.

Moreover, UICPL also has equity investment in listed companies pertaining to various sectors; aggregating to Rs. 33.7m (CY23: Rs. 40.9m; CY22: Rs. 29.1m) at end-1QFY24. This exposure to stock market carries price risk. Going forward, UICPL plans to continue their investments in long-term fixed income PIBs; the same will mitigate credit risk associated with the investment portfolio. The management aims to the growth trajectory in investment income to support the bottom-line of the Company.

Rs. in millions	FY22		FY23		1QFY24	
	Market Value	**%**	**Market Value**	**%**	**Market Value**	**%**
Equity Securities	29.1	2%	40.9	3%	33.7	2%
Government Securities	1,218.4	67%	1,104.5	78%	1,108.2	78%
Term Deposits	577.7	32%	268.8	19%	283.4	20%
Total	**1825.2**	**100%**	**1414.1**	**100%**	**1425.3**	**100%**

Reinsurance Arrangement

UICPL's risk profile is supported by strong reinsurance coverage provided by diversified panel of reinsurers. Risk profile of the reinsurance panel is considered sound as all reinsurers are rated in 'A' band or higher with majority share allocated to 'AA-' rated reinsurers in main segments. There are various changes in the reinsurance panel with Malaysian Re, Kuwait Re, Ocean Re, Trust Insurance Management, IMRA, and Sava Re exiting the panel for major classes such as Fire & Engineering Marine cargo, General Accident & Bond, Motor and Workmen's compensation and their respective shares have been taken up by PRCL by virtue of specific quota extended to local reinsurer. PRCL currently rated AA+ (VIS) and has strategic importance, being the government owned (75% stake) and the sole local reinsurance company in Pakistan. The Company has non-proportional treaties in major segments with PRCL holding dominance in Fire & Engineering (*Risk XOL & Catastrophe XOL*), Marine, Bond XOL (*upper 5th layer*), Motor and Workmen's Compensation, followed by international reinsurers such as Swiss Re and Chaucer Re. Moreover, Canopius Asia constitute greatest proportion in Marine Cargo XOL (*Layer 1*).

UICPL's maximum retention under Fire & Engineering (*Catastrophe XOL*) segment was enhanced whereas the maximum liability under total treaty was reduced during CY24. In line with anticipation of higher business pertaining to Marine Cargo, the total capacity for the aforesaid segment was also enhanced. Going forward no changes are expected in the reinsurance arrangements. The management projected an increase in reinsures since the last year however, the same have declined in the ongoing year.

Capitalization

Capitalization levels of the Company have improved on account of internal capital generation. Moreover, UICPL is considered sound from solvency risk point of view as the Company has adequate cushion in terms of total admissible assets over its liabilities. UICPL's core equity improved on a timeline to Rs. 4.8b (CY23: Rs. 4.4b; CY22: Rs. 4.0b) on account of an increase manifested in the unappropriated profit of the Company to Rs. 1.3b (CY23: Rs. 858.1m);

In the outgoing year, growth in equity was in lieu of issuance of ordinary shares amounting to Rs. 10 under the merger scheme despite reduction in the unappropriated profit. Therefore, despite the enhancement of operations that is reflected by the increase in the net premium revenue, operating leverage remained range-bound at 83.0% (CY22: 85.0%) during the outgoing year. Moreover, given the decline in technical reserves, stemming from a decrease in unearned reinsurance commission and unearned premium reserve, net technical reserves declined on a timeline to Rs. 786.1m (CY23: Rs. 999.6m; Rs. 1519.6m). Consequently, with increase in the equity-base, financial leverage scaled down on a timeline to 16.5% (CY23: 22.9%; CY22: 38.2%).

Nevertheless, the aging profile of claims' payable shows that 18% of the claims are past due for more than two years at end-CY23, Majority of these outstanding claims pertain to fire and miscellaneous segments. Management has plans to make claims settlement systems more efficient and effective in order to mitigate risks associated with claims. With steady growth expected in business volumes, the operating leverage is expected to increase slightly during the rating horizon. Moreover, since there is no immediate plan of equity injection from the sponsors, the capitalization indicators are expected to draw support from profit retention.

Liquidity Profile

The quantum of liquid assets decreased on a timeline to Rs. 2.0b (CY22: Rs. 2.7b by end-Dec'23) in line with lower investment in PIBs and term deposits; however, the same maintained in relation to net technical reserved increased on a timeline to 200.4% (CY22: 179.0%; CY21: 139.5%) during the outgoing year drawing support from the decline in the net technical reserves during the aforesaid period. Nevertheless, the liquidity profile is sound and intact. Moreover, insurance debt in relation to gross premium exhibited a mixed trend on a timeline; the same was recorded higher at 29.0% during the ongoing year on account of higher dues from policy holders as opposed to a decrease to 21.2% (CY22: 25.0%) during CY23, the decrease at end of the outgoing year was an outcome of an increase in the equity base of the Company. Furthermore, the operating cash flows in terms of net premium revenue were recorded lower at 14.6% (CY23: 17.1%; CY22: 32.5%) during 1QCY24 on account of lower cash inflows from operating activities and interest income on bank balances. Lastly, liquidity profile also draws some support from cash and bank balances worth Rs. 537.6m (CY23: Rs. 588.9m; CY22: Rs. 894.3m) held at end-1QCY24. Going forward, liquidity indicators may decline owing to claims incurred in crop segment due to floods in 2022; however, post the settlement of these claims the liquidity indicators may revert back to sound levels.

The United Insurance Company of Pakistan Limited — Annexure I

FINANCIAL SUMMARY				*(amount in millions)*
BALANCE SHEET	**CY21**	**CY22**	**CY23**	**1QCY24**
Cash and Bank Accounts	764.9	894.3	588.9	537.6
Investments	1,048.4	1,825.2	1,414.1	1,425.3
Investment in Subsidiaries and Associates	350.4	-		
Liquid Assets	1,813.2	2,719.6	2,003.0	1,962.9
Investment Property	51.9	251.0	332.3	397.7
Insurance Debt	1,138.3	1,611.5	1,674.2	1,880.2
Total Assets	10,245.9	13,000.4	13,862.7	14,049.7
Net Worth	4,020.3	3,977.6	4,371.8	4,765.8
Total Liabilities	5,886.4	8,318.8	8,832.9	8,635.9
Paid Up Capital	2,950.0	2,950.0	3,467.5	3,467.5
INCOME STATEMENT				
Gross Premium Written	5,196.5	6,436.7	7,895.1	1,619.5
Net Premium Revenue	2,722.9	3,379.9	3,629.6	1,096.3
Net Claims	533.5	755.7	968.4	257.1
Underwriting Profit/(Loss)	967.5	1,087.6	1,075.2	445.5
Investment Income	63.6	111.0	134.8	36.5
Profit Before Tax	759.9	1,199.2	1,370.2	500.9
Profit After Tax	511.7	921.7	1,005.4	379.4
RATIO ANALYSIS				
Market Share (%)	4.2%	5.8%	4.1%	4.1%
Cession Ratio (%)	51.1%	46.3%	53.6%	45.8%
Gross Claims Ratio (%)	43.1%	60.4%	49.5%	30.2%
Net Claims Ratio (%)	19.6%	22.4%	26.7%	23.4%
Underwriting Expense Ratio (%)	44.9%	45.5%	43.7%	35.0%
Combined Ratio (%)	64.5%	67.8%	70.4%	63.6%
Insurance Debt to Gross Premium (%)	21.9%	25.0%	21.2%	29.0%
Operating Leverage (%)	67.7%	85.0%	83.0%	92.0%
Liquid Assets to Net Technical Reserves (%)	139.5%	179.0%	200.4%	249.7%
Adjusted Financial Leverage (PG)	32.3%	38.2%	22.9%	16.5%

**Annualized*

REGULATORY DISCLOSURES	Annexure II
Name of Rated Entity	The United Insurance Company of Pakistan Limited
Sector	Insurance
Type of Relationship	Solicited
Purpose of Rating	Insurer Financial Strength (IFS) Rating
Rating History	see below

Rating Date	Medium to Long Term	Rating Outlook	Rating Action
RATING TYPE: IFS			
5/08/2024	AA+	Stable	Reaffirmed
27/07/2023	AA+	Stable	Reaffirmed
31/03/2022	AA+	Stable	Harmonized
14/10/2021	AA	Stable	Upgrade
10/06/2020	AA-	Stable	Reaffirmed
22/03/2019	AA-	Stable	Initial

Instrument Structure	N/A
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
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Due Diligence Meetings Conducted

Name	Designation	Date
Maqbool Ahmed	CFO	3rd July, 2024
Saad Munir	DGM Accounts & Finance	